

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 PA-02 PRS-01 SAJ-01

/082 W

----- 056167

R 132013Z AUG 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 2125

INFO AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

USMISSION USBERLIN

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION GENEVA

AMEMBASSY BERLIN

AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

AMEMBASSY ANKARA

AMEMBASSY BELGRADE

AMEMBASSY MADRID

AMEMBASSY LISBON

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AMEMBASSY ATHENS

AMCONSUL ISTANBUL
AMCONSUL ZAGREB

UNCLAS SECTION 01 OF 02 BONN 13117

E.O. 11652: N/A
TAGS: ELAB, GW
SUBJECT: JOB MARKET CONTINUES TO DETERIORATE IN FRG

REF: BONN 09422, BONN A-214, BONN 9579, BONN 12862

1. SUMMARY: WITH 1,035,200 JOBLESS, 500,000 MORE THAN JULY 1974, MOST LABOR MARKET TRENDS ESTABLISHED IN THE FALL OF 1973 CONTINUE. GOVERNMENT OFFICIALS ARE DISCUSSING A NEW ECONOMIC PROGRAM TO CREATE JOBS. END SUMMARY.

2. IN JULY, THE JOB MARKET, RESPONDING TO THE SUMMER SLACK AND POOR ECONOMIC CONDITIONS, CONTINUED TO DETERIORATE. THE FEDERAL EMPLOYMENT SERVICE (BAA) REPORTED THAT ALTHOUGH THE NUMBER OF WORKERS ON SHORT-TIME DECLINED TO 649,300, THE NUMBER OF UNEMPLOYED INCREASED REACHING 1,035,200, 4.5 PERCENT OF THE LABOR FORCE (5.7 SEASONALLY ADJUSTED).

3. GEOGRAPHICALLY, UNEMPLOYMENT PATTERNS ALTERED SLIGHTLY WHEN WEST BERLIN, WITH A RATE OF 3.3 PERCENT, REPLACED BADEN-WUERTTEMBERG AS THE STATE WITH THE LOWEST UNEMPLOYMENT RATE. UNEMPLOYMENT WAS HIGHEST IN THE STATES OF RHINELAND-PALATINATE, SAARLAND AND LOWER SAXONY, WHICH HAD RATES OF 5.2 PERCENT.

4. THE NUMBER OF JOB OPENINGS CONTINUED TO DECLINE, REACHING 222,000 ON A SEASONALLY ADJUSTED BASIS.

5. THE BAA REPORTED THAT 134,000 FOREIGN WORKERS, 5.5 PERCENT OF THE FOREIGN LABOR FORCE, WERE LISTED AS UNEMPLOYED, A DROP FROM 156,200 IN JUNE. THE BAA SUGGESTED THAT THE DECLINE IN THE NUMBER OF UNEMPLOYED FOREIGNERS AND THE PRESENCE OF RELATIVELY FEW UNCLASSIFIED

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FOREIGN WORKERS ON THE UNEMPLOYMENT LISTS FOR MORE THAN 6 MONTHS ARE INDICATIONS THAT UNEMPLOYED FOREIGN WORKERS ARE RETURNING TO THEIR HOME COUNTRIES AS THEY EXHAUST THEIR UNEMPLOYMENT BENEFITS AND FIND REEMPLOYMENT DIFFICULT BECAUSE GERMANS AND WORKERS FROM EC COUNTRIES ENJOY PREFERENCE IN THE TIGHT JOB MARKET.

COMMENT: IT IS DIFFICULT TO COMPILE ACCURATE STA-

TISTICS ON FOREIGN WORKERS. THE LAST OFFICIAL BAA
STATISTICS ON THE NUMBER OF FOREIGN WORKERS IN THE
FRG WERE PUBLISHED AT THE END OF SEPTEMBER 1974. AT
THAT TIME, THE BAA CALCULATED THAT THERE WERE
2,416,764 FOREIGN WORKERS IN THE COUNTRY. IF
134,000 IS 5.5 PERCENT OF THE FOREIGN LABOR FORCE,
AS THE BAA CURRENTLY MAINTAINS, THEN THERE ARE
2,436,363 FOREIGN WORKERS IN THE FRG. THEREFORE,
IF THE STATISTICS ARE ACCURATE, THE BAA IS IN ERROR
WHEN IT SUGGESTS THAT THE NUMBER OF FOREIGN WORKERS
IN THE FRG HAS DECLINED. SUPPORTING THE BAA SUGGESTION
THAT UNEMPLOYED FOREIGN WORKERS ARE RETURNING TO THEIR
HOME COUNTRIES, IS A SEASONALLY ADJUSTED BUNDESBANK
PUBLICATION REPORTING THAT APPROXIMATELY 2.2 MILLION
FOREIGN WORKERS WERE IN THE FRG IN FEBRUARY 1975 AS
COMPARED WITH 2.6 MILLION IN NOVEMBER 1973. END
COMMENT.

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6. THERE IS LITTLE HOPE THAT LABOR MARKET CONDITIONS WILL IMPROVE IN THE IMMEDIATE FUTURE. THE IFO INSTITUTE FOR ECONOMIC RESEARCH HAS PREDICTED THAT UNEMPLOYMENT WILL NOT DECLINE BEFORE EARLY 1976 WHEN IT IS EXPECTED TO REACH 1.4 TO 1.5 MILLION. THE BAA, PRECEDING ON THE ASSUMPTION THAT THE LABOR MARKET WILL NOT ESSENTIALLY IMPROVE BEFORE 1976, FORESEES THE NEED FOR AN ADDITIONAL CONTRIBUTION FROM THE FEDERAL GOVERNMENT OF 3.4 MILLION DM TO COVER THE COST OF UNEMPLOYMENT BENEFITS.

7. GOVERNMENT OFFICIALS ARE DISCUSSING A NEW ECONOMIC PROGRAM WHICH COULD HAVE THE EFFECT OF CREATING ADDITIONAL JOBS ESPECIALLY IN THE CONSTRUCTION INDUSTRY. WHILE THE SIZE OF THE GOVERNMENT INPUT HAS NOT YET BEEN DECIDED, A FIGURE BETWEEN 4 AND 5 BILLION DM IS FREQUENTLY MENTIONED. THE FEDERAL CABINET IS EXPECTED TO DECIDE ON THE SIZE OF THE NEW PROGRAM ON AUGUST 28 AND 29.

8. GOVERNMENT RELUCTANCE TO QUICKLY INSTITUTE A
NEW PROGRAM EXCEEDING 5 BILLION DM HAS DISAPPOINTED
TRADE UNION LEADERS. ONE OF THE MORE OUTSPOKEN TRADE
UNION ADVOCATES OF GREATER GOVERNMENT EFFORTS TO
COMBAT UNEMPLOYMENT IS EUGEN LODERER, HEAD OF THE
METALWORKERS UNION, WHO CALLS FOR A GOVERNMENT
PROGRAM OF 10 BILLION DM.
CASH

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